



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

ADVANCE COPY BY FACSIMILE

JUN 29 2009

Brian G. Svoboda, Esq.
Perkins & Coie
607 14th Street, NW, Suite 800
Washington, D.C. 20005

RE: MUR 5504
John Karoly, Jr.
Karoly Law Offices, P.C.

Dear Mr. Svoboda:

On June 18, 2009, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of the above-referenced matter. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the initial payment on the civil penalty is due from Mr. Karoly within 30 days of the conciliation agreement's effective date and thereafter, five consecutive monthly installment payments are due within 30 days of the previous installment payment. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Delbert K. Rigsby". The signature is written in a cursive, slightly slanted style.

Delbert K. Rigsby
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John Karoly, Jr.
Karoly Law Offices, P.C.
Jayann Brantley
Heather Kovacs
Christina Ligotti

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MUR 5504

Rec'd
JUN 09 2009
12:38pm

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn and notarized complaint by Jonathan Weiss. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that John Karoly, Jr. and Karoly Law Offices, P.C. ("Respondents") knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f. The Commission also found probable cause to believe that Jayann Brantley, Heather Kovacs and Christina Ligotti violated 2 U.S.C. § 441f. John Karoly, Jr., Karoly Law Offices, P.C., Jayann Brantley, Heather Kovacs and Christina Ligotti are also hereinafter collectively referred to as Respondents.

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.
- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:
 1. John Karoly is an attorney residing in Allentown, Pennsylvania. He is President and Treasurer of Karoly Law Offices, P.C.

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2. Karoly Law Offices, P.C. is a law firm located in Allentown, Pennsylvania. The law firm is incorporated in the State of Pennsylvania.

3. Jayann Brantley, a Pennsylvania resident, is employed as a secretary at Karoly Law Offices, P.C.

4. Heather Kovacs, a Pennsylvania resident, is employed as a secretary at Karoly Law Offices, P.C.

5. Christina Ligotti, a Pennsylvania resident, is a nurse who is a former employee of Karoly Law Offices, P.C.

6. Gephardt for President ("Gephardt Committee") is a political committee within the meaning of 2 U.S.C. § 431(4), and was the principal campaign committee for Congressman Richard Gephardt's 2004 primary race for the office of President of the United States.

7. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits any person from making a contribution in the name of another and from knowingly permitting his or her name to be used to make such a contribution. 2 U.S.C. § 441f. Section 441f also applies to any person who knowingly helps or assists any person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(iii).

8. The Act also prohibits corporations from making contributions or expenditures from their general treasury funds in connection with any election of any candidate for federal office. 2 U.S.C. § 441b(a). In addition, section 441b(a) prohibits any officer or director of any corporation from consenting to any expenditure or contribution by the corporation.

9. At all relevant times, Gregorio Paglianite, Jayann Brantley, Christina Ligotti and Heather Kovacs were employees of Karoly Law Offices, P.C. On September 28, 2003, Heather Kovacs wrote a check for \$2,000 to the Gephardt Committee, Gregorio Paglianite wrote a check for \$4,000 to the

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Gephardt Committee on behalf of himself and his wife, Jayann Brantley wrote a check to the Gephardt Committee for \$4,000 on behalf of herself and her husband, and Christina Ligotti wrote a check to the Gephardt Committee for \$3,000 on behalf of herself and her husband.

10. On October 6, 2003, Christina Ligotti received a Karoly Law Offices, P.C. check in the amount of \$3,000 with the "pay to the order of" line blank. The memo line of the check stated "Hirko bonus." On October 7, 2003, Christina Ligotti's husband put his name on the pay to the order line and deposited the check into their joint checking account.

11. On October 7, 2003, Karoly Law Offices, P.C. cashed a \$12,000 check from one of its law firm accounts. On the same day, Gregorio Paglianite deposited \$4,000 in cash into his and his wife's joint checking account, and Jayann Brantley deposited \$4,000 in cash into her and her husband's joint checking account.

12. On October 27, 2003, Heather Kovacs deposited \$3,021.56 into her bank account, which included her biweekly paycheck from Karoly Law Offices, a cash deposit of \$1,700 and another deposit of \$60. The October 27, 2003 deposit was the only instance between March 2003 and February 2004 when Ms. Kovacs deposited an amount more than her regular salary and overtime.

13. The Commission has evidence it believes is sufficient to support its conclusion that there is probable cause to believe that the cash payments to Jayann Brantley, Heather Kovacs and Gregorio Paglianite, and the payment by check with "pay to the order of" line blank to Christina Ligotti, were reimbursements for their and their spouses' contributions to the Gephardt Committee, to which John Karoly, Jr. consented.

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V. Solely for the purpose of settling this matter expeditiously and avoiding litigation, and without admission with respect to this or any other proceeding, Respondents will no longer contest the Commission's probable cause to believe findings in this matter. Respondents agree not to violate 2 U.S.C. §§ 441b(a) and 441f in the future.

VI. In order to settle this matter on behalf of all Respondents, Respondents John Karoly, Jr. and Karoly Law Offices, P.C. will pay a civil penalty to the Federal Election Commission in the amount of One Hundred and Fifty Five Thousand dollars (\$155,000), pursuant to 2 U.S.C. § 437g(a)(5)(B). The civil penalty will be paid as follows:

A. A payment of Fifty Five Thousand dollars (\$55,000) is due no more than thirty (30) days from the date this Agreement becomes effective;

B. Thereafter, five consecutive monthly installment payments of Twenty Thousand dollars (\$20,000) each.

C. Each such installment shall be paid within 30 days of the previous installment.

D. In the event that any installment payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondents. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to further overdue installments.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.


IX. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission, except as otherwise expressly specified in Paragraph VI.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Thomasenia P. Duncan
General Counsel

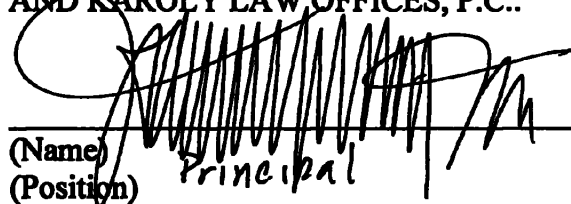
BY:


Ann Marie Terzaken
Associate General Counsel
for Enforcement

Date

6/25/09

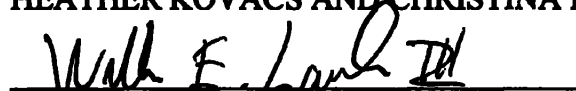
FOR RESPONDENTS JOHN KAROLY, JR.
AND KAROLY LAW OFFICES, P.C.:


(Name) _____
(Position) Principal

Date

5-15-09

FOR RESPONDENTS JAYANN BRANTLEY,
HEATHER KOVACS AND CHRISTINA LIGOTTI:


(Name) William E. Lawler, III
(Position) Counsel for Respondents
Brantley, Kovacs and Ligotti

Date

6-8-09

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